

AR79

CED

7TH ANNUAL REPORT
1969

Creation of processes and products, of ideas and industries, depends on men more than money, on imagination as well as initiative. Seek out creative men with the vision of things to be done. Help breathe life into new ideas and processes and products with capital — and with more than capital — with sensitive appreciation for creative drive; with support in management and manpower; with loyalty to the idea and to its initiator, the creative man.

CED

Canadian Enterprise Development Corporation Limited (CED) is a venture capital company owned mainly by Canadians. Our goal is to help men of promise build important businesses by providing capital and management support. Since inception we have invested \$6.4 million in 27 companies.

CED was formed in 1962 by a group of foresighted institutional investors who recognized the need in Canada for a source of venture or risk capital which would assist in creating and supporting new and young business enterprises having the potential to grow into major companies in future years.

Our institutional shareholders are listed on page 5. In 1962 they provided CED with its initial share capital of just over \$5 million. Early in 1970 they committed to subscribe to additional shares which will result in total subscribed capital of \$10,382,782.

CED'S AREAS OF INTEREST

CED will invest in any industry which plays a constructive role in the Canadian economy and which appears to have attractive prospects for growth. More specifically:

- CED will aid entrepreneurs in developing specific business plans from broadly conceived opportunities.
- CED will assist in creating companies and will invest in young companies managed by competent men.
- CED will invest in existing companies which appear to have growth potential.
- CED will work with large corporations in the development of new companies based on products or ideas which are best exploited as new ventures.
- CED will assist Canadian companies who wish to expand into United States' and European markets.
- CED will help foreign companies who wish to build constructive enterprises in Canada thereby contributing to the economic growth of the country.

CED

CANADIAN ENTERPRISE DEVELOPMENT CORPORATION LIMITED

Head Office: 967 Sun Life Building, Montreal, Canada (514) 868-2764

Western Office: 914-1111 West Hastings Street, Vancouver, Canada, (604) 684-3271

Ontario Office: 1400 Toronto Dominion Centre, Toronto, Canada, (416) 366-1035

CED'S CONTRIBUTION

CED invests long-term risk capital and in return seeks an equity share or its equivalent in all ventures in which it participates. Unlike banks and other lending companies our investments are normally unsecured and may take the form of notes, preferred shares or common shares. We do not compete with investors and lenders who seek security above all. In fact we often provide the capital and sponsorship needed to permit companies to attract other forms of capital.

CED also contributes time: time in the study of new ideas and concepts; time in preparing financial programs for new and young companies; and time in helping ventures with which it is affiliated to become successful business enterprises. CED's directors and staff and its friends in Canada, the United States and overseas have many years of experience in finance and industry. Through CED their technical skills and business judgement are available to all who seek to create and build substantial and worthwhile companies.

CED'S INVESTMENT PROGRAM

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CED is constantly looking for new investment opportunities where its capital and skills can be put to constructive and profitable use. More specifically it is CED's continuing task to search for and participate with resourceful men having courage and intelligence and an ambition to create and build the future of Canada. It is CED's business to assist men such as these to realize their potential and attain their goals.

The arrangements governing an investment by CED are flexible as each opportunity is considered separately. We do not normally ask for ownership control. We believe it is more important that there be a basis for a sound relationship based on mutual involvement, trust, and respect. Most of our investments have been on a minority basis.

CED will consider capital participation in venture opportunities of up to \$500,000. Where more capital is needed we can usually be of assistance in finding partners.

CED'S SHAREHOLDERS

CED's shareholders are all substantial and successful enterprises. It is their capital

which has given CED life and purpose. They contribute much more than money, however. They supplement our efforts in seeking out new projects; upon occasion they have participated with us in new ventures; and they are always available for advice and counsel.

CED has international associations in the venture capital field. American Research & Development Corporation (ARD) of Boston, the first publicly owned venture capital company and a founding shareholder of CED, has had outstanding success in the field of venture capital. From a modest beginning in 1946 it has grown to a net worth of \$555 million at the end of 1969. (See page 6). ARD's management and staff are a continual source of help and inspiration to CED. European Enterprises Development Company, S.A. (EED) in which both ARD and CED are shareholders is building a portfolio of promising young companies in Europe and recently raised \$10,818,750 of new capital to expand its operations (see page 8). CDFC Holdings Ltd. is the Canadian subsidiary of Commonwealth Development Finance Company Limited (CDFC) of London, England, with which CED has developed a close working relationship (see page 10). Technical Development Capital Limited (TDC) of London, England, is another of CED's founding shareholders. TDC is the venture capital subsidiary of the Industrial and Commercial Finance Corporation Limited.

It is becoming increasingly difficult for business dependent solely on national markets to grow and prosper. CED's close working relationships with U.S. and European sponsors and affiliations are an integral part of its venture capital investment program.

SUBMISSION OF NEW PROJECTS

We welcome enquiries or proposals regarding promising new or established projects at any of our three offices in Montreal, Toronto and Vancouver.

In judging an investment opportunity CED places considerable emphasis on evaluating the people involved. Should a project appear to be of interest we will endeavour to arrange for an early meeting with the principals. Prior to a personal meeting it is helpful and saves time if we can learn as much as possible about the new project. Proposals should therefore be accompanied by as much information as can be

provided about the products, personnel, markets, facilities, financial history and forecasts.

CED will state its degree of interest as promptly as possible in any project which is submitted for consideration. Because

of the uncertainties surrounding new enterprises and ideas, investigation of projects must frequently be intensive and requires time. It is therefore of importance that CED be made aware of new project opportunities and commence its studies well before assistance is required.

The Bridge Crane or Portainer owned and operated by Société d'Arrimage des Battures de Beauport Inc. ("SABB") shown handling cargo containers in the Port of Quebec. SABB is jointly owned by Logistec Corporation and St. Lawrence Stevedoring Company Limited.



CANADIAN ENTERPRISE DEVELOPMENT CORPORATION LIMITED

967 Sun Life Building, Montreal, Canada
(514) 868-2764

1111 West Hastings Street, Vancouver,
Canada (604) 684-3271

1400 Toronto-Dominion Centre, Toronto,
Canada (416) 366-1035

INSTITUTIONAL STOCKHOLDERS OF CED

Alliance Mutual Life Insurance Company

American Research and Development
Corporation

Bank of Montreal

The Canada Life Assurance Company

Canadian Pacific Investments Ltd.

CDFC Holdings Limited

Confederation Life Association

Crédit Foncier Franco-Canadien

Du Pont of Canada Limited Pension
Trust Fund

The Excelsior Life Insurance Company

The Great-West Life Assurance Company

Harris & Partners Limited

The Imperial Life Assurance Company
of Canada

Industrial Acceptance Corporation

Industrial Life Insurance Company

The London Life Insurance Company

The Manufacturers Life Insurance
Company

The Monarch Life Assurance Company

The Mutual Life Assurance Company
of Canada

Nesbitt, Thomson and Company Limited

The Royal Trust Company

Strength Finance & Development Co.
of Canada Ltd.

Succession Honorable J. Marcelin Wilson

Sun Life Assurance Company of Canada

Technical Development Capital Limited

The Toronto-Dominion Bank

CED

BOARD OF DIRECTORS

Chairman and President

HERBERT H. LANK,
Director, Du Pont of Canada Limited.

Chairman of the Executive Committee,
ALISTAIR M. CAMPBELL, F.I.A., F.S.A.,
Chairman of the Board, Sun Life
Assurance Company of Canada.

GEORGES F. DORIOT,
C.B.E., D.S.M., C.L.H.,
President, American Research
and Development Corporation.

ROBERT M. FOWLER,
President, Canadian Pulp and
Paper Association.

G. H. D. HOBBS,
Chairman, Western Canada Steel Limited.

JOSEPH JEFFERY, O.B.E., Q.C.
Chairman of the Board, London Life
Insurance Company

DOUGLAS N. KENDALL, O.B.E., F.R.G.S.,
President, Kenting Limited.

MICHAEL M. KOERNER,
President, Canada Overseas
Investments Limited.

BERNARD LECHARTIER,
Director, Bank of Montreal.

ALEXANDER G. LESTER,
Executive Vice-President, Bell Canada.

ALFRED T. SEEDHOUSE,
President, The Manufacturers Life
Insurance Company.

GERALD D. SUTTON,
Vice President and General Manager,
Canadian Enterprise Development
Corporation Limited.

OFFICERS

HERBERT H. LANK,
Chairman of the Board and President.

GERALD D. SUTTON,
Vice President and General Manager.

DEREK H. MATHER,
Vice President and Secretary-Treasurer.

BURKE C. CORBET,
Assistant Vice President.

PETER G. BARR,
Quebec Associate.

RICHARD BURKE,
Western Associate.

DON B. LANGFORD,
Ontario Associate.

CED Board of Directors



AMERICAN RESEARCH AND DEVELOPMENT CORPORATION

The John Hancock Building
Boston, Massachusetts
(617) 426-7060

ARD was formed in 1946 with an initial capital of \$3.4 million and has since participated in the development of more than 100 companies. At the end of 1969 it had investments in 49 companies valued at \$534 million, covering a variety of industries including electronics, pharmaceuticals, publishing, industrial control systems, optics and chemicals. The four largest holdings at the end of 1969 were in Digital Equipment Corporation, Optical Scanning Corporation, Teledyne Incorporated and Ionics Incorporated. In 1961 ARD became the first company of its kind to have its shares listed on the New York Stock Exchange.

BOARD OF DIRECTORS OF ARD

GEORGE P. BAKER,
Retired Dean, Harvard University
Graduate School of
Business Administration

GENE K. BEARE,
Executive Vice-President —
Manufacturing and Director,
General Telephone &
Electronics Corporation

ALISTAIR M. CAMPBELL,
Chairman of the Board, Sun Life
Assurance Company of Canada.

H. D. DOAN,
President, The Dow Chemical Company.

GEORGES F. DORIOT,
President, American Research and
Development Corporation.

BYRON K. ELLIOTT,
Retired President and Chairman,
John Hancock Mutual Life
Insurance Company.

LONGSTREET HINTON,
Chairman, Committee on Trust Matters
and Director, Morgan Guaranty
Trust Company of New York.

M. C. KAPLAN,
Chairman Executive Committee,
AMK Corporation.

DAVID L. LUKE,
Director, Westvaco Corporation.

JOHN A. LUNN,
Director, Trans-Sonics Inc.

KENNETH H. OLSEN,
President, Digital Equipment Corporation.

DWIGHT P. ROBINSON, JR.,
Consultant, Massachusetts
Financial Service, Inc.

RUPERT C. THOMPSON, JR.,
Retired Chairman, Textron Inc.

WILLIAM H. WENDEL,
President, The Carborundum Company.

OFFICERS AND STAFF OF ARD

GEORGES F. DORIOT, President.

WILLIAM H. CONGLETON,
Senior Vice President.

DOROTHY E. ROWE,
Vice President and Treasurer.

JOHN A. SHANE, Vice President.

JAMES F. MORGAN, Vice President.

DANIEL L. HOLLAND
Assistant Vice President.

OSCAR W. HAUSSERMANN, Secretary.

PATRICIA A. CLARK, Assistant Secretary.

GROVER ELLIS, 233 Bryn Mawr Circle,
Houston, Texas 77024. 713-465-3780
Southwestern Correspondent.

ROBERT E. RHODES,
691 Union Bank Building, Suite 3140,
Fifth and Figueroa Streets, Los Angeles
California, 90017, 213-689-4420
California Correspondent.

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ARD Board of Directors



EUROPEAN ENTERPRISES DEVELOPMENT COMPANY, EED, S.A.

38, rue du Général Foy, Paris 8°, France
387 33-59
37, rue Notre Dame, Luxembourg

EED was organized in 1963 with objectives and policies similar to those of ARD and CED. At December 31, 1969 EED had a capital and surplus of \$17.6 million (U.S.) and investments in 22 companies located in more than eight European countries. EED's principal office is in Paris, but through its shareholder institutions it has representatives throughout Europe.

ASSOCIATED MEMBERS

American Research and Development Corporation, Boston

Amsterdam-Rotterdam Bank N.V., Rotterdam

Andresens Bank AS, Oslo

Banca Commerciale Italiana, Milan

Banco Espanol de Credito, Madrid

Banco Exterior de Espana, S.A., Madrid

8 Banco Fonsecas & Burnay, Lisbon

Banco Guipuzcoano, San Sebastien

Bankhaus I.D. Herstatt K.G.a.A., Cologne

Bank Mees & Hope N.V., Rotterdam

Banque Nationale de Grèce, Athens

Banque Nationale de Paris, Paris

Banque Worms & Cie, Paris

Bergens Privatbank, Bergen

Canadian Enterprise Development Corporation Limited, Montreal

The Charterhouse Group Ltd., London

Commerzbank AG, Dusseldorf

Compagnie Bancaire S.A., Paris

Continental Illinois National Bank and Trust Company of Chicago, Chicago

Crédit Lyonnais, Paris

Crédit du Nord, Paris

Crédit Suisse, Zurich

Den Danske Landmandsbank AS, Copenhagen

Den norske Creditbank, Oslo

Desclée Frères & Cie., Brussels

Dresdner Bank AG, Frankfurt

Glyn, Mills & Co., London

Goteborgs Bank, Goteborg

Istituto Mobiliare Italiano, Rome

Kredietbank S.A., Brussels

Kredietbank S.A. Luxembourgeoise, Luxembourg

Kuhn, Loeb & Co., New York

Lehman Brothers, New York

Lombard, Odier & Cie., Geneva

Midland Bank Ltd., London

Morgan Guaranty Trust Company of New York, New York

N.V. Levensverzekering Mij "Utrecht"
Lid van de AMEV groep, Utrecht

Oy Pohjoismaiden Ydhyspankki / AB
Nordiska Foreningsbanken, Helsinki

Promofina S.A., Geneva

Samuel Montagu & Co., Ltd., London

The Fidelity Bank, Philadelphia

The National Shawmut Bank of Boston, Boston

Société Générale de Banque S.A., Brussels

Société Générale, Paris

Stockholms Enskilda Bank, Stockholm

Svenska Handelsbanken, Stockholm

Union Financière d'Anvers, BUFA,
S.A. Antwerp

EED

DIRECTORS OF EED

LOUIS ARMAND

Member of the *Académie Française*, Paris
Honorary President, *Société Nationale des Chemins de Fer Français* and *Euratom*

THIERRY BARBEY

Partner, *Lombard, Odier & Cie.*, Geneva

CARLO BOMBIERI

Managing Director, *Banca Commerciale Italiana*, Milan

GUY BROCARD

Vice Chairman, *Banque Worms & Cie.*, Paris

FERNAND COLLIN

Chairman, *Kredietbank S.A.*, Brussels

GEORGES F. DORIOT,

Chairman of the Board
President, *American Research and Development Corporation*, Boston

HEINRICH JAKOPP

Konsul, *Dr. Ing. e.h.*, Cologne

CHRISTIAN F. KARSTEN

Managing Director, *Amsterdam-Rotterdam Bank N.V.*, Amsterdam

FREDERICK E. NOLTING, JR.

Assistant to the Chairman, *Morgan Guaranty Trust Company of New York*, New York

MAURICE SCHLOGEL

General Manager, *Crédit Lyonnais*, Paris

ARNAUD F. de VITRY

Chairman, *Dunlop S.A.*, Paris

OFFICERS AND STAFF OF EED

ARNAUD F. de VITRY

President

JEAN GUEROULT

General Manager

BRUNO ROUX de BEZIEUX

Manager

PHILIPPE de VENDEUVRE

Assistant to the General Manager

THEODORE H. ELLIOTT, JR.

Controller

ALAIN M. RONDEST

Staff Associate

LISTER VICKERY

Staff Associate

ALAIN de CHAMBURE

Technical Adviser

PIERRE CASIMIR-LAMBERT

Management Adviser

NELLY CORRET

Administration Officer

EED Board of Directors



COMMONWEALTH DEVELOPMENT FINANCE COMPANY LIMITED (CDFC)

1 Union Court, Old Broad Street,
London, E.C. 2, England.
01-283-9571

CDFC was established in 1953 to provide finance for economic development and business enterprise in Commonwealth countries. The shareholders of CDFC comprise over 160 leading companies, broadly representative of British industry and the City of London. They include the Bank of England and the Central Banks of a number of other Commonwealth countries.

CDFC has investments worth more than \$65 million in nearly 100 businesses in 27 different countries covering a wide range of industry. Its investment activity now includes countries other than Commonwealth countries.

DIRECTORS OF CDFC

B. BERKOFF,
Managing Director, Commonwealth
Development Finance Company Limited

SIR GEORGE BOLTON, K.C.M.G.,
Chairman, Bank of London and
South America Limited

LORD COLE,
Chairman, Unilever Limited

R. G. DYSON,
Deputy Chairman, Barclays Bank DCO

THE EARL OF INCHCAPE,
Director, British Petroleum
Company Limited

SIR DUNCAN OPPENHEIM,
President, British American Tobacco
Company Limited
Director, Lloyds Bank Limited

H. F. OPPENHEIMER,
Chairman, Anglo American Corporation
of South Africa Limited

J. G. PHILLIMORE, C.M.G.,
Managing Director, Baring Brothers
& Co. Limited

SIR ERIC ROLL, K.C.M.G., C.B.,
Director, Bank of England

R. D. YOUNG,
Chairman, Alfred Herbert Limited

OFFICERS AND STAFF OF CDFC

SIR GEORGE BOLTON, Chairman

SIR DUNCAN OPPENHEIM,
Deputy Chairman

B. BERKOFF, Managing Director

D. F. PEARL, C.B.E., Manager

G. W. ROTHERY, O.B.E., M.C., Manager

D. A. WIGHTON, C.A., Secretary

An F-27 aircraft owned by Great Northern Airways Limited on charter to the Panarctic Oil Company Limited being re-fueled at Rae Point in the High Arctic.



Post-production automatic tape editing in progress — Program director (right), aided by script assistant directs the re-recording from one video tape machine to another during the editing of a program. Heart of the system is the auto editor control panel (left of centre), manufactured by Central Dynamics Ltd., which controls the tape machines.



PORTFOLIO COMPANIES

*BAY MILLS LIMITED,
1 Hugel Avenue E., Midland, Ontario
Tel.: 705-526-7867
Fabricator of fibreglass products and
non-woven materials.

CANENDEV INVESTMENTS LIMITED,
967 Sun Life Building, Montreal, P.Q.
Wholly-owned investment subsidiary
of CED.

*CENTRAL DYNAMICS LTD.,
147 Hymus Blvd., Pointe Claire, Quebec
Tel.: 514-697-0810
Manufacturers of electro-mechanical
components and electronic equipment,
with promising new products in video
switching apparatus and digital control
systems.

CRYSTAL CABLEVISION, INC.,
605 Fifteenth Ave. E., Seattle,
Washington 98102.
Tel.: 206-329-4400
New company to establish a community
antenna cable T.V. system in central
Seattle.

DEVTEK LIMITED,
1150 Bellamy Road, Scarborough, Ontario
Tel.: 416-291-8125
Manufacturer of microwave drying
equipment for industrial processes and
"Levitron" air rolls for the support and
transport of thin film materials.

The head office and manufacturing facilities of Bay Mills Ltd. in Midland, Ontario.



ESE LIMITED,
1780 Albion Road, Rexdale, Ontario
Tel.: 416-749-2271
Manufacturer of data communications
equipment and digital control devices.

*EUROPEAN ENTERPRISES
DEVELOPMENT COMPANY
37, rue Notre Dame, Luxembourg, and
8, rue du Général-Foy, Paris 8, France
Tel.: 387 33-59
European venture capital company with
objectives and policies similar to
those of CED.

*EVANGELINE SAVINGS AND
MORTGAGE COMPANY
198 Water Street, Windsor, Nova Scotia
Tel.: 902-798-8576
New savings and loan company to serve
the Maritime Provinces.

FACEMASTER INTERNATIONAL LIMITED
402 West Pender Street, Vancouver, B.C.
Tel.: 604-688-4628
Company formed to develop new
automatic machine to produce concrete
building blocks with impregnated facings
of stone, quartz, shells or other desired
materials.

GLASROCK PRODUCTS OF
CANADA, LTD.
P. O. Box 337, Burlington, Ontario
Tel.: 416-632-8843
Distributor of refractory materials and
products including fused silica products
for use in the continuous casting of steel
and in the glass, metal forming and aero
space industries.

*A remote terminal key board designed and manufactured by ESE Ltd. for CN-CP
Telecommunications. Nine-hundred of these keyboards will be used in the Canadian
Data Service ("CANDAT") system for stock exchange price quotation enquiries.*



GREAT NORTHERN AIRWAYS LIMITED
Hangar No. 3, McCall Field, Calgary, Alta.
Tel.: 403-276-6601
Operates scheduled air service in the Yukon Territory and extending up into the Arctic Islands. In addition provides charter services from Calgary and a number of points in the Yukon.

HOLBOROUGH INVESTMENTS LIMITED
Suite 1212, 401 Bay Street, Toronto, Ont.
Tel.: 416-366-2706
A company formed to engage in diverse activities in the field of real estate. CED acquired its interest in Holborough through exchange of its shareholding in The Mortgage Insurance Company of Canada.

*LOGISTEC CORPORATION
109 Dalhousie Street, Quebec City, P.Q.
(formerly Quebec Terminals Limited)
Tel.: 418-692-1180
Transportation company engaged in container handling, stevedoring, ship agency business and the bulk trucking of commodities.

*MAGADYNE INDUSTRIES LTD.
6910 - 72 Avenue, Edmonton, Alberta.
(formerly Engineered Plastics Limited and Magadyne Research and Development Limited)
Tel.: 403-466-1176
Manufacturer of polyvinyl chloride flexible pipe and other plastic products. Also conducts research in chemicals and plastics.

Large processing plant shown in plant completed and operated by Magadyne Industries Limited.



STEDFAST SCREW COMPANY LTD.
9800 St. Urbain Street, Montreal, Quebec.
Tel.: 514-381-6269
New company established to manufacture specialty fasteners for electronic, furniture and other industries.

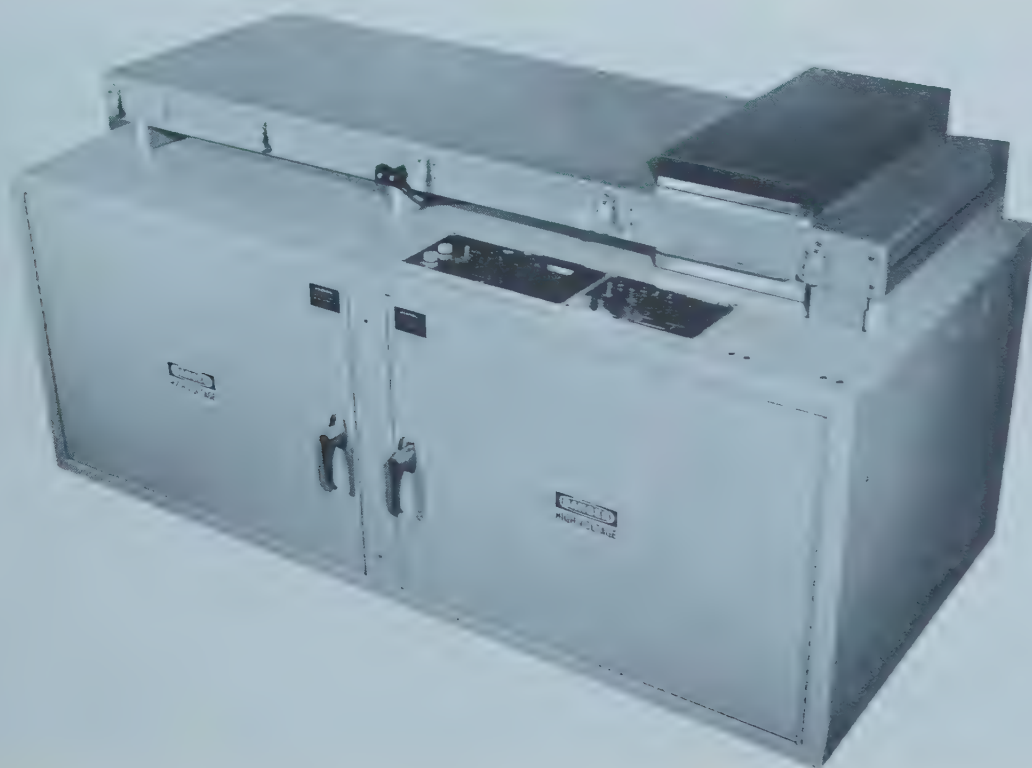
†TRANS-PACIFIC LEASING
SERVICES, LTD.
660 Howe Street, Vancouver, B.C.
Tel.: 604-681-0201
Company specializing in financial lease and purchase arrangements on equipment.

††VISCOUNT ELECTRONICS LIMITED
105 E. 69th Avenue, Vancouver 15, B.C.
Tel.: 604-327-9446
A Vancouver based manufacturer of solid state video and audio switching equipment aimed at the educational television (ETV), closed circuit television (CCTV) and the community antenna television (CATV) markets.

WESTMILLS CARPETS LIMITED
P. O. Box 608, Kelowna, B.C.
Tel.: 604-765-5192
New company to manufacture tufted carpets for the western Canadian market.

†Sold subsequent to December 31, 1969
††Acquired subsequent to December 31, 1969

A parallel plate micro-wave dryer manufactured by Devtek Limited. This equipment is used to dry wide webs of thin film material.



SEVENTH ANNUAL REPORT OF THE PRESIDENT TO SHAREHOLDERS

At the Annual Meeting of CED on April 16, 1969 the shareholders approved a resolution calling for the subdivision of the share capital on a 20 for 1 basis and an increase in authorized capital to 2,000,000 common shares. At a meeting of the Board of Directors held July 16, 1969 it was decided that in view of CED's likely future requirements for capital an offer would be made to shareholders to subscribe for additional shares. Accordingly, shareholders of record on August 31, 1969 were offered the right to subscribe for one common share of CED at a price of \$10 for each common share held, the subscription to be payable in four half-yearly instalments beginning January 15, 1970. It is my pleasure to report that out of a possible 550,000 common shares offered, subscriptions were received for 482,050 shares. Thus by July of 1971 CED's subscribed capital will total \$10,382,782.

16 CDFC Holdings Limited, one of CED's founding shareholders, has over the years participated financially with CED in certain portfolio companies. Late in 1969 and as an integral part of CED's capital offering, the directors of CDFC Holdings Limited and of CED agreed to a merger of interests whereby CED would acquire the investments of CDFC Holdings Limited in CED affiliate companies in exchange for common shares of CED at \$10 per share. Once this exchange is completed in June 1971 CED will have increased its investments in Logistec Corporation, Trans-Pacific Leasing Services Ltd. and Westmills Carpets Ltd. as well as acquiring some cash and short term investments, and CDFC Holdings Limited will have acquired 145,000 additional CED common shares.

CED's investment activity during 1969 consisted primarily of purchases and sales of securities of companies which were members of our portfolio at December 31, 1968. In total we invested \$547,973 and received \$280,505 from the sale of investments during the year.

The net asset value declined slightly from \$13.75 per common share at December 31, 1968 to \$13.41 per share at December 31, 1969, as a result of lower stock market values of shares of portfolio companies traded in public markets.

The greater part of CED's assets comprise holdings of equity securities which are not publicly traded. The valuations placed on these securities have been determined by CED's Board of Directors after consideration of many pertinent factors. Shareholders should recognize, however, that it is difficult to establish values for the shares of young companies in the early stages of growth and development and should not, therefore, construe these values as those which might ultimately be realized on sale or other disposition, which might be greater or less.

The majority but not all of CED's portfolio companies made good progress during 1969. Some were able to take advantage of profitable opportunities for growth while others were confronted with difficulties.

The directors and staff of CED consider themselves privileged to be associated with the men who comprise the managements of these companies. Where progress has been achieved it is evidence that these men have set high standards of excellence for themselves and for their companies and worked long hours to achieve their objectives. They are builders.

This year the Annual General Meeting will be held on April 9th in Toronto at the Royal York Hotel. A number of our portfolio companies will have exhibits at the Meeting showing their products and services and illustrating their progress. The senior officers of these companies will be on hand to explain the exhibits. I hope you will all attend and meet these men. I can think of no better way to find out what CED is all about.

The year just ended was one of substantial internal growth for CED. An office was opened in Toronto bringing to three the number of locations from which CED operates. Mr. D. B. Langford joined CED in Toronto as Ontario Associate, Mr. Richard Burke became Western Associate at our Vancouver office and Mr. Peter Barr joined the Montreal office as Quebec Associate. Mr. Burke Corbet of CED's Vancouver office was made an Assistant Vice President of the Company.

In 1969 CED incorporated a wholly-owned subsidiary company, Canendev Investments Limited. This company was created for the purpose of investing in publicly traded companies which appear to have attractive prospects.

Since our last report we have suffered a major loss through the sudden death of Mr. Donald Gordon in May, 1969. He contributed generously of his time and talents to the affairs of CED and his presence and counsel will be sadly missed.

It gives me great pleasure to announce the appointment of Mr. Michael M. Koerner, President, Canada Overseas Investments Limited, and Mr. Alexander G. Lester, Executive Vice President, Bell Canada, to

the Board of Directors of CED. These men bring to the Board a wide and diversified experience and we look forward to the benefit of their counsel in the years ahead.

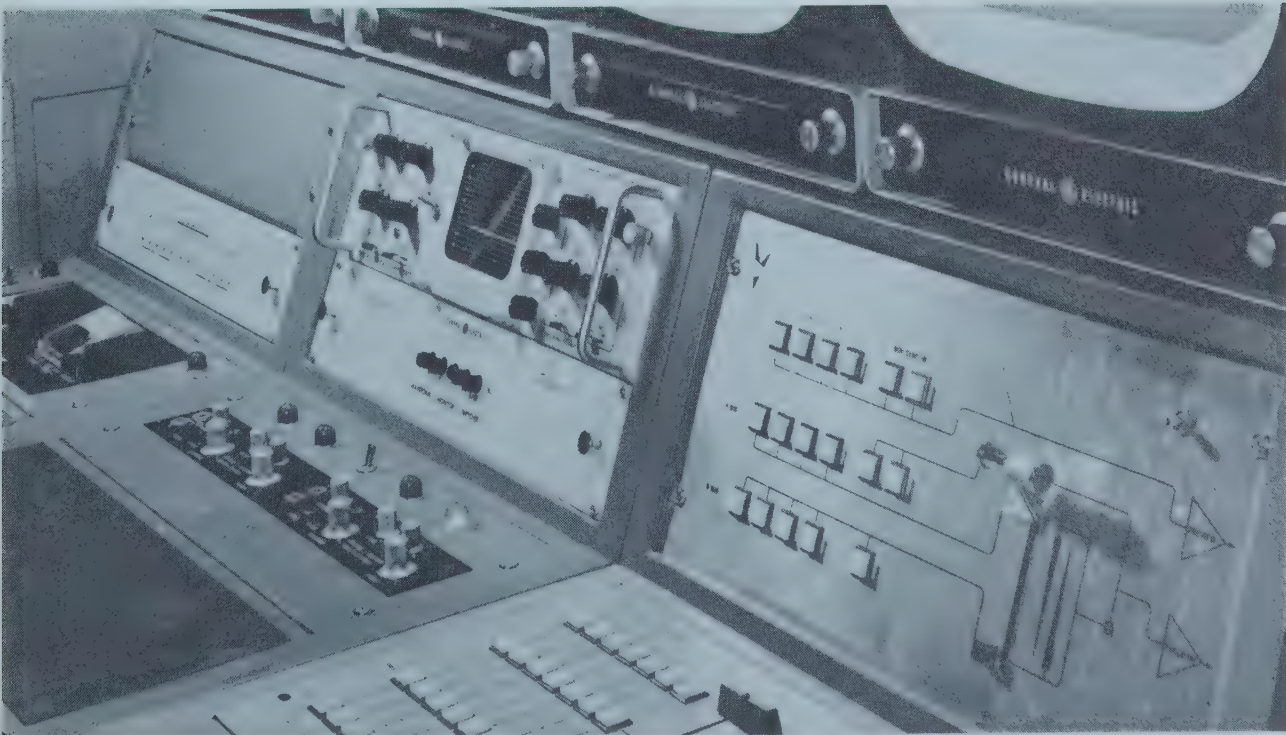
CED thus enters the decade of the 1970's strong in terms of capital and human resources, with a carryover from the 1960's of a portfolio of developing companies that hold promise of making their mark in the years ahead.

A typical home insured by the Mortgage Insurance Company of Canada.



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Model 8V4FE television programming switcher and special effects console manufactured by Viscount Electronics Ltd. for the University of British Columbia.



REPORT OF THE GENERAL MANAGER

As shown in the accompanying financial statements, total income increased over the previous year. With added staff and the opening of the Toronto office, expenses also rose but to a lesser extent, and a net operating profit in 1969 of \$36,968 was achieved as against a net operating loss of \$9,112 in 1968.

Much of CED's staff work in 1969 was devoted to the affairs of its existing portfolio companies. Long term planning, key personnel search and selection, acquisitions, new public underwritings and private financings are some of the areas where we were able to be of assistance. Investments totalling \$499,451 were made in the existing portfolio companies.

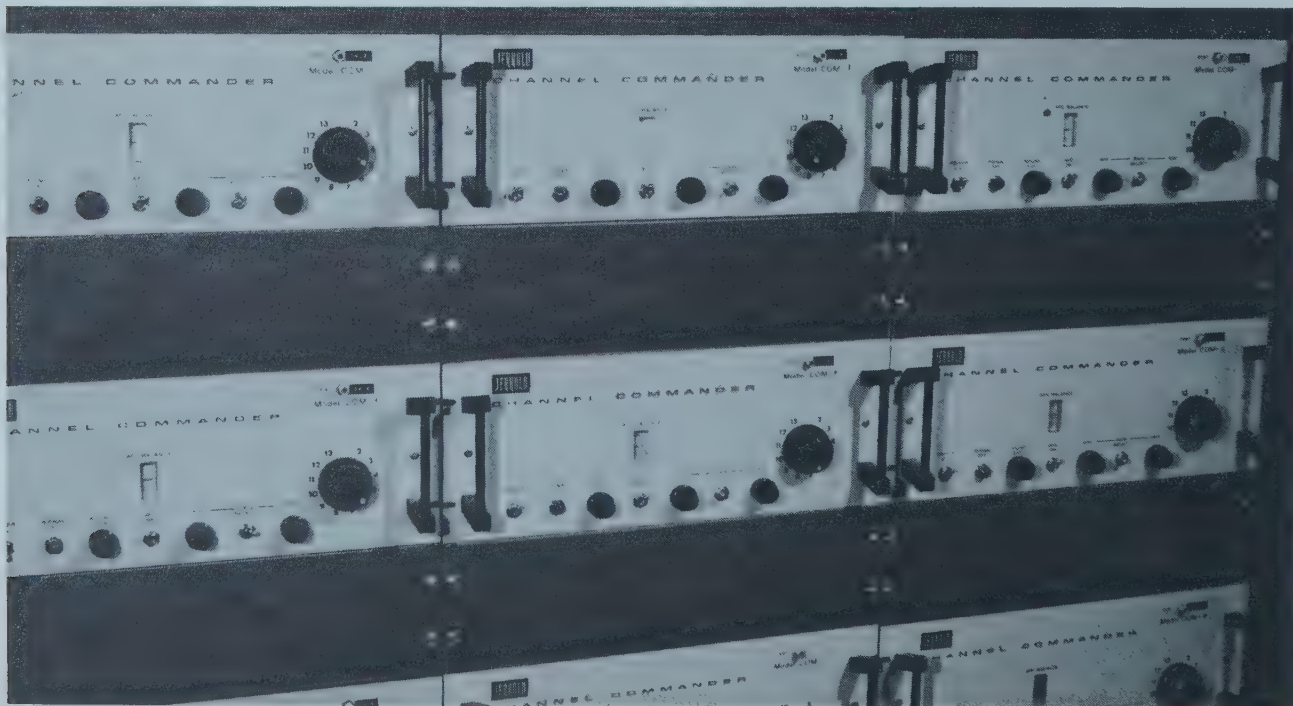
Two companies enjoyed successful public offerings in 1969. Logistec Corporation (previously Quebec Terminals Ltd.) raised just under \$2 million in June, part of which was used to finance the construction of new containerized cargo handling facilities in Quebec City (see photo on page 3). Logistec common shares are now listed on both the Montreal and Toronto Stock Exchanges. Magadyne Industries Ltd. (previously Engineered Plastics Ltd. and Magadyne Research & Development Ltd.) raised \$862,500 to be used to finance construction of a new plant and for the development of new products. Magadyne common shares are now listed on the Vancouver Stock Exchange.

Since the end of 1969 CED has added to its list of portfolio companies Viscount Electronics Ltd., a Vancouver based manufacturer of solid state video and audio switching equipment aimed at the educational television (ETV), closed circuit television (CCTV), and community antenna television (CATV) markets. Also since the end of 1969 Trans-Pacific Leasing Services Ltd. was acquired by another company in exchange for cash and short term notes. The total payment to CED for our shares in Trans-Pacific will amount to \$517,575 compared with the cost of \$173,040.

Venture capital is the business of creating and building new, interesting and worthwhile companies. In this increasingly complex and competitive age there is no longer time for young companies to grow by trial and error. Early in their corporate lives they must acquire the good characteristics of large companies in order to survive and grow. Their leaders must learn to plan; they must find ways of attracting the best of management skills in all pertinent functional areas; they must have access to capital resources managed by people who understand their problems and share their aspirations and whose sympathetic and effective support is available when the unexpected happens. It is CED's business to be of assistance to young associated companies in these difficult and formative early years.

We are a venture capital company. We deal in the future, with all its hazards, its unknowns, its hopes and its promises.

A panel of signal processing units operated by Crystal Cablevision Inc.



**PRINCIPAL PORTFOLIO CHANGES
DURING 1969**

PURCHASES

Canendev Investments Ltd.	\$ 48,522	Note
Devtek Limited	91,000	Note
	5,136	in common shares
European Enterprises Development Company, EED, S.A.	107,600	in common shares
Holborough Investments Ltd.	45,050	in common shares
Logistec Corp.	25,000	debentures
	27,500	in common shares
Stedfast Screw Co. Ltd.	12,000	Note
Westmills Carpets Ltd.	50,000	debenture with warrants
	136,165	in common shares
	<u>\$547,973</u>	

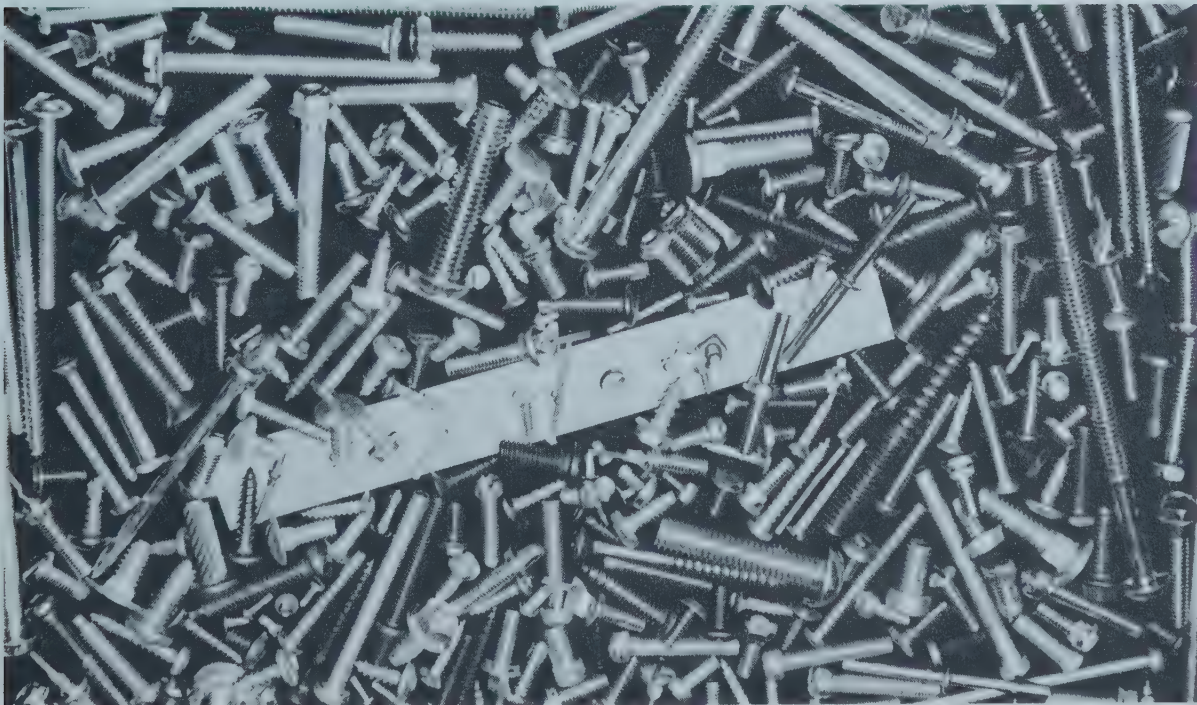
SALES

Engineered Plastics	\$116,695	Note
Facemaster	163,810	Notes
	<u>\$280,505</u>	

OTHER PORTFOLIO CHANGES

Engineered Plastics (name changed to Magadyne Industries Ltd.)	\$ 83,305	outstanding balance of \$200,000 Note converted into common shares of Magadyne Industries Ltd.
Magadyne Research & Development	27,500	in common shares converted into shares of Magadyne Industries Ltd.
Westmills Carpets Ltd.	187,000	in Notes and
	192,862	in preferred shares converted into common shares

A selection of fastener products manufactured by Stedfast Screw Company Limited



CANADIAN ENTERPRISE DEVELOPMENT CORPORATION LIMITED
AND
CANENDEV INVESTMENTS LTD.
(Incorporated under the Canada Corporations Act)
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1969

ASSETS

	1969	1968
Current:		
Cash	\$ 119,420	\$ 46,182
Short-term investments, at cost (market value — 1969 \$822,000; 1968 \$1,131,000)	859,726	1,157,073
Accrued revenue and miscellaneous receivables	95,529	92,150
	<u>1,074,675</u>	<u>1,295,405</u>
Investments at market value or fair value as determined by the Directors (Note 2)	6,381,960	6,336,027
Furniture and equipment at cost, less accumulated depreciation	12,590	8,220
	<u>\$7,469,225</u>	<u>\$7,639,652</u>

LIABILITIES

Current:		
20 Accounts payable and accrued liabilities	\$ 14,444	\$ 10,273

SHAREHOLDERS' EQUITY

Capital stock (Notes 3 and 4)		
Authorized — 2,000,000 shares of no par value		
Issued — 556,100 shares (including 1,100 shares issued for cash in 1969)	5,562,282	5,551,282
Retained earnings	125,845	89,862
Accumulated realized net gains on investments	45,216	45,262
Unrealized appreciation of investments	1,721,438	1,942,973
	<u>7,454,781</u>	<u>7,629,379</u>
	<u>\$7,469,225</u>	<u>\$7,639,652</u>

On behalf of the Board:

HERBERT H. LANK, Director

GERALD D. SUTTON, Director

CANADIAN ENTERPRISE DEVELOPMENT CORPORATION LIMITED
AND
CANENDEV INVESTMENTS LTD.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
Income:		
Income from short-term investments	\$ 79,660	\$ 84,988
Income from long-term investments, including consulting fees	200,756	149,528
Income from other sources	35,100	491
	<u>315,516</u>	<u>235,007</u>
Expenses: (Note 6)		
Salaries	126,844	113,677
Other expenses	151,704	130,442
	<u>278,548</u>	<u>244,119</u>
Net income (loss) before undernoted items	36,968	(9,112)
Income taxes	62,000	—
	<u>(25,032)</u>	<u>(9,112)</u>
Net income (loss) before undernoted item	(25,032)	(9,112)
Reduction in income taxes due to carry forward for tax purposes of prior years' losses	62,000	—
	<u>\$ 36,968</u>	<u>\$ (9,112)</u>

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CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1969

Retained earnings at beginning of year	\$ 89,862	\$ 98,974
Net income (loss) for the year	36,968	(9,112)
	<u>126,830</u>	<u>89,862</u>
Write-off of incorporation expenses	(985)	—
Retained earnings at end of year	<u>\$125,845</u>	<u>\$ 89,862</u>

**CANADIAN ENTERPRISE DEVELOPMENT CORPORATION LIMITED
AND
CANENDEV INVESTMENTS LTD.**

**CONSOLIDATED STATEMENT OF GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 1969**

	1969	1968
Accumulated realized net gains (losses) at beginning of year	\$ 45,262	\$(82,424)
Realized losses for the year	<u>46</u>	<u>485,242</u>
	45,216	(567,666)
Realized gains for the year	<u>—</u>	<u>612,928</u>
Accumulated realized net gains at end of year	<u>\$ 45,216</u>	<u>\$ 45,262</u>

AUDITORS' REPORT

The Shareholders,

22 Canadian Enterprise Development Corporation Limited, and
Canendev Investments Ltd.

We have examined the consolidated balance sheet of Canadian Enterprise Development Corporation Limited and Canendev Investments Ltd. as at December 31, 1969 and the consolidated statements of income, retained earnings, and gains and losses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. It was not practicable for us to substantiate the values, determined by the Board of Directors of the Company, of certain investments for which market quotations were not available.

In our opinion, subject to the determination of the values referred to above, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE ROSS & CO.
Chartered Accountants.

Montreal, Que.
February 25, 1970.

CANADIAN ENTERPRISE DEVELOPMENT CORPORATION LIMITED

AND

CANENDEV INVESTMENTS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1969

1. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly owned subsidiary, Canendev Investments Ltd., incorporated in April 1969.

The accounts of another company in which Canadian Enterprise Development Corporation Limited owns more than 50% of the shares have not been consolidated because of differences in operations: the Company is an investment company whereas the partially owned subsidiary is an operating company. The cost of the investment therein, reflected under investments, is \$324,714, including a \$91,000 note.

2. Investments

The investments comprise the following:

Investments	1969		1968	
	Cost	Market Value or Fair Value	Cost	Market Value or Fair Value
Quoted shares	\$ 814,355	\$2,101,107	\$ 334,533	\$2,031,300
Unquoted shares	2,273,164	2,931,195	2,388,518	2,800,222
Loans and advances	1,573,003	1,349,658	1,670,003	1,504,505
	<u>\$4,660,522</u>	<u>\$6,381,960</u>	<u>\$4,393,054</u>	<u>\$6,336,027</u>

3. Stock Options

Options have been granted by Canadian Enterprise Development Corporation Limited to certain employees to purchase a total of 12,000 shares of the Company at a price of \$10.04³/₈ each, of which 4,000 have been exercised to December 31, 1969.

4. Supplementary Letters Patent

Canadian Enterprise Development Corporation Limited obtained supplementary letters patent on May 2, 1969 converting the previously authorized 50,000 shares without nominal or par value into 1,000,000 shares without nominal or par value and increasing the resulting 1,000,000 shares to 2,000,000 shares without nominal or par value provided that the aggregate consideration for the said 2,000,000 shares shall not exceed in amount or value the sum of \$15,000,000.

5. Contingent Liabilities

There were no contingent liabilities at December 31, 1969. Canadian Enterprise Development Corporation Limited was contingently liable as guarantor of loans totalling \$125,000 at December 31, 1968.

6. Expenses

The expenses include:

	1969	1968
Directors' remuneration, including salary to a director who is also a company officer	\$37,500	\$37,350
Depreciation	3,148	2,055

7. Subsequent Events

Shares of the capital stock of Canadian Enterprise Development Corporation Limited were offered in 1969 for subscription by shareholders, in the proportion of one share for every share previously held, at a price of \$10 per share payable by four equal instalments on January 15, 1970, July 15, 1970, January 15, 1971 and July 15, 1971. 482,050 shares have been subscribed for under the terms of the offer.



**CANADIAN ENTERPRISE DEVELOPMENT
CORPORATION LIMITED**